EXHIBIT F

BEAR STEARNS

EUROPEAN PHARMACEUTICALS

Bear Stearns International Limited – European Equity Research

May 22, 2007

Rating Information

Sector Rating	Market Overweight
Target Price YE '07	–

Trading Data

	£	$
52-Wk Range	15.40p - 13.26p*	59.35 - 51.41*
Market Cap	78,869 MM*	155,609 MM*
Shares Out	5674 MM*	2837 MM*
Dividend Yield	3.5%*	3.2%*
Avg. Daily Vol.	23,907,000*	1,380*
Float	NA	NA

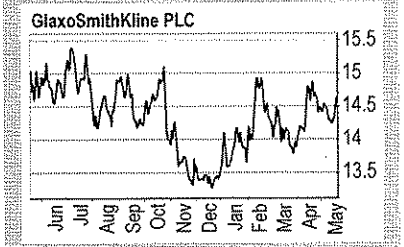
Source: FactSet; * BSIL Estimates

Fundamental Data

	£	$
EV/EBITDA	9.5x	9.8x
Enterprise Value	83646 MM	158976 MM
LT Debt to Total Cap	2.9%	2.8%
Book Value	9,386.00	17,276.00
Long-Term Growth	7.7%	9.0%

Source: BSIL Estimates

Price Performance



Source: FactSet

Securities in this report priced as of: May 21, 2007

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GlaxoSmithKline

GSK.L-1390p-Peer Perform (GSK-$57.71-Peer Perform)

'NEJM' Meta-Analysis - More Concern About Avandia's CV Risk

- **'NEJM' meta-analysis of 42 trials showed a statistically significant increase in the risk of myocardial infarction for GSK's Avandia** and potentially increased risk of death from cardiovascular causes. An accompanying 'NEJM' **editorial suggested regulatory action by the FDA may now be warranted. GSK strongly disagrees with the conclusions reached in the 'NEJM' article.**
- **The FDA has issued an Avandia safety alert** but stated its analyses of available data are ongoing. An Advisory Committee will be called 'as soon as one can be convened'. The Alert states: '**FDA is considering, but has not reached a conclusion on, whether this information warrants any regulatory action.**'
- **RECORD**: Data from an ongoing prospectively defined safety study (RECORD) won't be available before late 08/early 09. Meanwhile, the FDA has to draw conclusions on preliminary data with Dr Nissen's analysis another negative datapoint after DREAM.
- **Key investment issues:**

1) What will be the near-term impact on prescriber behaviour?
2) When will the FDA Advisory meeting convene?
3) What will the panel recommend and the FDA decide?

- **Celebrex, EPO or Zelnorm Outcome?** We expect a negative impact on Avandia scripts in coming weeks and an Advisory panel to convene in the next 3 months. The recommendation and the FDA's decision are hard to handicap without detailed data. However, with more negative than positive data points we would not categorically rule out a worst case scenario (marketing suspension) although a label restriction seems more plausible.
- **Investment Conclusion:** Avandia is GSK's second largest product with 2006 sales of £1.6bn. Assuming an 80% EBIT margin, US sales of the Avandia franchise should represent >15% of GSK's operating profit. Yesterday's share price reaction implies an outcome similar to that for Celebrex (label change). An EPO (panel discussion) or Zelnorm (pulled from the market) outcome would still represent significant downside, in our view.

Sector View: Continuing scope for earnings surprises

IFRS EPS Estimates (All values in p/$)

	EPS	EPS($)
2006	94.5	3.48
2007E	99.5E	3.90
2008E	106.9E	4.2

† All EPS estimates are net of stock options unless otherwise stated.

Avandia - Risk from Myocardial Infarction and CV Death

Yesterday a 'New England Journal of Medicine' (NEJM) article was published online assessing the risk of myocardial infarction and death from cardiovascular causes in Type 2 diabetes patients taking Avandia. The article is a meta analysis of 42 randomized trials of Avandia (15,560 patients on Avandia, 12,283 on comparators) with a study duration of more than 24 weeks and outcome data for myocardial infarction and death from cardiovascular causes.

The key findings from the study were:

- Avandia was associated with a significant increase in the risk of myocardial infarction (MI).
- Avandia was further associated with an increase in the risk of death from cardiovascular causes that had borderline significance.

In those patients taking Avandia the odds ratio for MI was 1.43 (i.e. Avandia patients were 1.43 times more likely to have an MI) (95% CI 1.03-1.98; p=0.03), and the odds ratio for death from cardiovascular causes was 1.64 (95% CI, 0.98-2.74; p=0.06). The authors do acknowledge the potential flaws of a meta analysis but state that patients and providers should consider the potential for serious adverse cardiovascular effects of treatment with Avandia for type 2 diabetes.

GSK issued a response to this paper stating that it strongly disagrees with the conclusions reached in the 'NEJM' article, claiming they are based on incomplete evidence and a methodology that the author admits has significant limitations. The response reiterated the safety findings from the ADOPT and DREAM studies.

Dr. Nissen: Drug Safety Advocate

A similar publication by Dr. Nissen in October 2005 in JAMA (Journal of American Medical Association) prevented approval of BMS's muraglitazar despite strong endorsement from an Advisory panel a month earlier, as Dr. Nissen's independent analysis identified a statistically significant increased in the cardiovascular events in patients treated with muraglitazar that was not picked up by FDA reviewers and the FDA advisory committee members. Importantly, Dr. Nissen's analysis of the Avandia data was performed on the same basis as his muraglitazar analysis, although he had arguably less detailed information on a larger patient population. (As the Editorial argued, these factors should have made it harder for Dr. Nissen to show an increased risk for Avandia compared to his analysis of the muraglitazar data, which was based on the briefing documents for the FDA Advisory panel.)

Dr. Nissen also played a key role in the withdrawal of Vioxx.

The FDA's Response So Far

The FDA has issued an Avandia safety alert, highlighting a potentially significant increase in the risk of heart attack and heart-related deaths for Avandia but stated that the FDA's analyses of all available data are ongoing. The FDA will take cardiovascular issues with Avandia and other drugs in this class to an Advisory Committee as soon 'as one can be convened'. The Alert states: '**FDA is considering, but has not reached a conclusion on, whether this information warrants any regulatory action.**'

FDA also issued 'Information for healthcare professionals' (Dear Doctor letter), which provides more background about currently available data on the issue.

At the moment the available data to the FDA consists of:

- Dr. Nissen's meta analysis
- GSK's own meta analysis of those 42 trials (computing a slightly lower cardiovascular risk than computed by Dr. Nissen)
- A balanced observational 33,000 patient cohort study showing no increase in CV risk (but also no benefit)
- the 'Lancet' publication of ADOPT, showing no increase of CV risk
- the DREAM study with details yet to be fully provided to FDA
- a recent interim analysis of the ongoing RECORD trial.

RECORD

Data from an ongoing prospectively defined 4,400 patient safety study (RECORD) won't be available before late 2008/early 2009. RECORD looks at cardiovascular deaths and hospitalization as primary outcome.

Meanwhile, the FDA has to draw conclusions on preliminary data, with Dr Nissen's analysis providing another negative datapoint after DREAM.

The independent safety data monitoring board has not stopped RECORD, indicating that cardiovascular safety up to this point is within the pre-defined boundaries of non-inferiority to a metformin/SU combination. However, the median follow-up of the RECORD study is probably just above three years, i.e. similar to DREAM, which narrowly escaped showing a statistically significant cardiovascular safety signal. We think the fact that DREAM was stopped early as allowed by the study protocol may have introduced a bias in the safety analysis. (For more details please see our callnote: No DREAM ticket, September 18, 2006.)

Key investment issues are:

What will be the near-term impact on prescriber behaviour from the Dear Doctor letter? We expect a negative impact, causing script growth to stall or potentially to decline.

When will the FDA Advisory meeting convene?

In view of Dr. Nissen's high profile in drug safety issues, we expect the FDA to set up an advisory committee in the next three months.

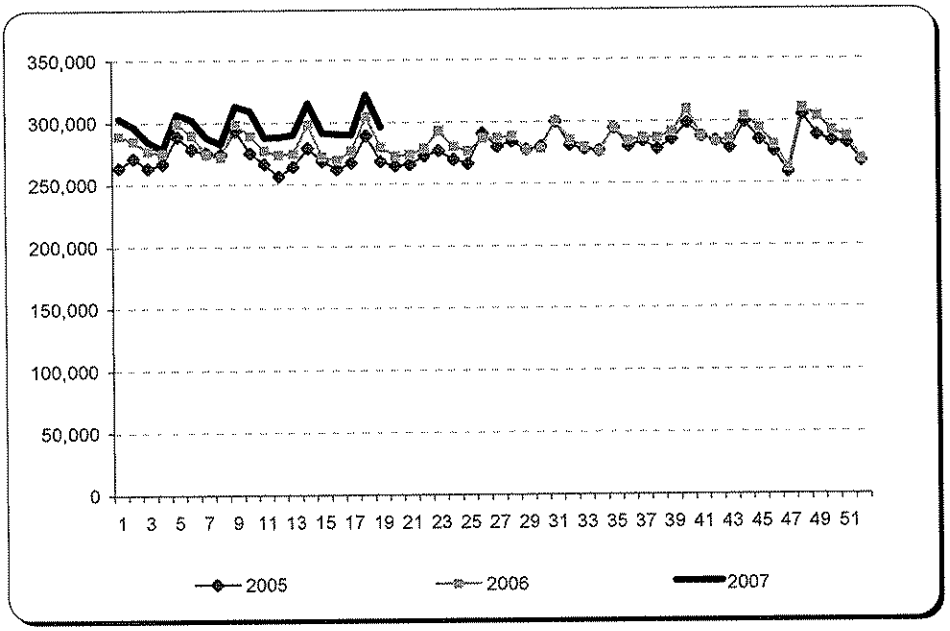
What will the panel recommend and the FDA decide?

It seems to us that evidence of risk and evidence of benefit are at the centre of recent advisory panels on ESAs (erythropoietin stimulating agents) and Arcoxia, and also in the FDA's thinking on Zelnorm.

We have to keep in mind that the primary therapeutic goal of type-2 medication is to reduce cardiovascular risk (or micro- and macro-vascular complications). Unless new data can clearly prove that Avandia doesn't increase cardiovascular risk, the risk/benefit profile of a drug that may increase rather than decrease cardiovascular risk may not look compelling – particularly given numerous alterative treatment options. (Note, competitor Actos from Takeda, another PPAR gamma agonist has shown a trend in improvement of cardiovascular risk in the PROACTIVE study, whereas Dr. Nissen's meta analysis indicated a worsening for Avandia.)

Thus while we think it is unlikely, we cannot categorically rule out an outcome similar to that for Zelnorm (marketing suspension), a label restriction (e.g. restricting use to third-line therapy) may be more plausible.

Avandia Franchise TRx Volume



Source: IMS Monthly Data

Market Weight (MW) - Expect the industry to perform approximately in line with the primary market index for the region (S&P 500 in the US) over the next 12 months.

Market Underweight (MU) - Expect the industry to underperform the primary market index for the region (S&P 500 in the US) over the next 12 months.

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Percentage of BSC universe with this rating / Percentage of these companies which were BSC investment banking clients in the last 12 months.

Outperform (Buy):	41.7 / 16.6
Peer Perform (Neutral):	49.4 / 11.8
Underperform (Sell):	9.0 / 7.2

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